Rosado, Elizabeth

From: DeLeon, Jose
Sent: Tuesday, September 09, 2014 3:45 PM
To: Kane, Eleanor
Subject: FW: MADISON KIPP CORPORATION'S RESPONSE TO EPA'S PROPOSED CONDITIONS FOR AN ACO
Attachments: D-F-05-001-521 Die Lube Ratio Check Sheet.pdf; D-W-08-001-053 Die Lube Work Instruction.pdf

---

From: Palmer, Todd E (24432) [mailto:tepalmer@michaelbest.com]
Sent: Tuesday, September 09, 2014 3:38 PM
To: DeLeon, Jose
Subject: MADISON KIPP CORPORATION'S RESPONSE TO EPA'S PROPOSED CONDITIONS FOR AN ACO

PRIVILEGED SETTLEMENT COMMUNICATION

Jose,

This e-mail follows up on our discussion this afternoon. As I mentioned, Madison Kipp Corporation (MKC) is in receipt of EPA's July 18th proposed conditions for inclusion in an Administrative Consent Order (ACO) that would resolve the September 12, 2012 Notice of Violation (NOV) issued to MKC's Madison facility. MKC's responses to each of EPA's requests are set forth below.

I. Die lube use:

- **Establish a system for die lube use, dilution and monitoring/tracking that complies with the existing permit & regulations and minimized actual air emissions (based on the response at our 113 conference, we are looking for a proposal from MKC as to what would be workable & compliant). The system should include provisions for calibrating & maintaining the die lube equipment.**

  MKC's Response: MKC believes that its current system related to die lube use, dilution and monitoring/tracking complies with all existing permit terms and regulations. Nonetheless, MKC is willing to revise this system to address the concerns expressed by EPA during the enforcement conference and subsequent discussions.

  To this end, MKC has developed the attached revised work protocols which are being submitted in draft form for EPA's consideration. These protocols include a new MKC "Work Instruction" pertaining to die lube dilution, tracking, maintenance and calibration. Currently, MKC measures the total die lube mixture from which it subtracts the die lube component to derive the water flow value. Going forward, MKC plans to measure die lube use by recording when it installs a new die lube tote and installing a new flow meter to measure water usage. MKC would calculate a ratio from this data and use the volumetric test to confirm.

  MKC has also developed a new "Due Lube Ratio Check Sheet" for recording the variables associated with die lube use and dilution.

  Both of these documents should be considered drafts as they may need changes as the new system undergoes a shakedown period. These changes, if any, would be minor modifications to better reflect how the revised system is operating and recording data.

MKC anticipates that it will need four months from the effective date of the ACO for implementation of these protocols, which includes installing the necessary equipment, re-programming of systems and re-training of personnel.

II. During the course of the Order, record and provide to EPA:

- **Monthly chlorine use at the furnace, along with records of Cl purchases and inventory for each month;**
- **Calculated monthly emissions for Cl_2, HCl, D/F, and total HAP;**
- **Annual calibration for each temperature, flow and amperage monitoring device (must itemize in Order); and**
- **Die Lube use, per the system established above.**

MKC's Response: MKC can agree to record and provide this information to EPA during the effective period of the ACO (currently proposed to be one year). MKC understands that this information would be reported to EPA for each six month period during the duration of the ACO, starting upon the ACO effective date. MKC requests a modest time period (*i.e.*, fifteen days) following the end of each six month period to assemble and submit this information.

III. Permitting with WDNR:

- **Apply to WDNR for permit modifications to incorporate newest emission factors for PM, Cl2, HCl, D/F; and**
- **Apply to WDNR for permit modifications to adjust permit where necessary to reflect how the plant actually operates (will need to write out specifics here).**

MKC's Response: MKC can apply to WDNR for permit modifications to incorporate the most recent emission factors for PM, chlorine, and hydrochloric acid. MKC does not believe the emission factors for dioxins or furans need to be changed; however MKC is willing to discuss these two pollutants if EPA has a different view.

MKC is also willing to apply to DNR for permit modifications, if necessary, to adjust permit terms and conditions to better match how the plant is actually operated. At this point, we believe that these modifications are likely limited to reconciling calibration techniques and methodologies, as well as the emission factors associated with reduced chlorine usage.

IV. Civil Penalty Proposal of $147,500.

MKC's Response: MKC was both surprised and disappointed with the magnitude of the calculated initial civil penalty demand. MKC understands that EPA was applying its CAA Penalty Policy and exercised discretion in several areas to reduce the demand. MKC appreciates EPA's efforts. Nonetheless, the penalty demand is excessive given the circumstances involved here.

MKC has already reduced its emissions of VOCs and PM to levels that are a full order of magnitude below EPA's jurisdictional triggers under the Title V program and PSD programs. None of the violations involve excess emissions from any process. Several allegations relate to failures of the WDNR to timely modify the MKC air operation permit to keep pace with and memorialize the efforts taken to reduce emissions.

Given this background, MKC is requesting that EPA further exercise its discretion and resolve this matter with a more modest gravity penalty component which accounts for MKC's willingness to undertake the Supplemental and Environmental Project (SEP) described in the next section.

V. Supplemental Environmental Project Proposal.

MKC's Response: MKC is proposing as a SEP the installation and evaluation of an advanced die lube application technology on a die casting machine. Although this technology is still in the beta stages, MKC anticipates its use to further reduce emissions from the die cast operations.

The technology applies die lube in a more precise and accurate manner allowing for reduced utilization of die lube. The SEP project would involve installing the beta technology and evaluating its feasibility for long term operation, potential for emission reductions and effect on product quality. The results of this SEP could help improve this technology and may result in its broader application in the die casting industry.

MKC would need approximately 24 months to develop, install and evaluate the technology. As a result, we may need to discuss this timeframe given EPA's desire to have the order effective for 12 months.

With this background, MKC is proposing a total settlement value of $100,000 which would be comprised of $25,000 in civil penalty and $75,000 in credited SEP value.